

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 CIAE-00 INR-10 NSAE-00

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R 200830Z JUN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2762

UNCLAS SECTION 1 OF 2 TOKYO 8133

E.O. 11652: N/A

TAGS: BEXP, JA

SUBJECT: COMMENTS ON COUNTRY COMMERCIAL PROGRAM

REF: STATE 114442

### I. SUMMARY:

EMBASSY WELCOMES COPY OF DRAFT OF FY 1975 COUNTRY COMMERCIAL PROGRAM (CCP) AND SUPPORTS THE PRINCIPLE OF ESTABLISHING SPECIFIC OBJECTIVES FOR THE POST'S COMMERCIAL ACTIVITIES. CCP WILL ASSIST MANAGEMENT OF SUCH ACTIVITIES AND HOPEFULLY CHANNEL RESOURCES INTO AREAS WHERE THEY CAN BE MOST EFFECTIVE. IN THIS CONTEXT EMBASSY HAS HELD DISCUSSIONS WITH OFFICERS FROM STATE (WHITE) AND COMMERCE (WELCH.), WHO VISITED TOKYO JUNE 13-18, AND SEVERAL SUGGESTIONS OF EMBASSY HAVE BEEN INCORPORATED INTO WORKING DRAFT. HOWEVER, EMBASSY TOKYO HAS AN INTEGRATED ECONOMIC/ COMMERCIAL SECTION, AND IS ORGANIZED ALONG COMMODITY AND FUNCTIONAL LINES IN A WAY THAT REFLECTS THE VERY LARGE AND COMPLEX ECONOMIC RELATIONSHIP WE HAVE WITH JAPAN. ACCORDINGLY, EMBASSY WISHES MAKE SOME SUGGESTIONS WHICH INVOLVE FUNDAMENTAL ISSUES AND WHICH NEED BE CONSIDERED AT THE WASHINGTON LEVEL. EMBASSY HOPES THESE WILL BE TAKEN INTO ACCOUNT BEFORE CCP IS FINALIZED. END SUMMARY.

### II. SOME ASPECTS OF CCP TO BE CONSIDERED:

#### A. TIMING:

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WE SUGGEST IN FUTURE A MORE DEFINITE TIME

SCHEDULE SHOULD BE FIXED FOR DRAWING UP THE ANNUAL CCP, INCLUDING ADEQUATE TIME TO ENABLE THE EMBASSY TO HAVE AN EFFECTIVE INPUT. WE WOULD SUGGEST THAT, SINCE TRADE CENTER IS OUR MAIN EXPORT PROMOTION VEHICLE, CCP AND TRADE CENTER EVENTS SCHEDULE BE CONSIDERED JOINTLY. EMBASSY IS AWARE THAT THE MAIN PURPOSE OF THIS YEAR'S PROGRAM IS TO BE GIN THE CCP SYSTEM, MAKING ADJUSTMENTS TO IT AS EXPERIENCE DICTATES. NONETHELESS PRECEDENTS LIKELY TO BE SET IN THIS INITIAL CCP. FOR THIS REASON, EMBASSY HOPES WASHINGTON AGENCIES WILL CONSIDER SUGGESTIONS MADE BELOW BEFORE THE CCP FOR JAPAN IS PUT INTO EFFECT.

B. IMPLICATION OF ECONOMIC/COMMERCIAL AMALGAMATION  
ON RESOURCE ALLOCATION ESTIMATES:

EMBASSY HAS RECENTLY SUBMITTED RESPONSES TO THE DEPARTMENT'S REQUEST FOR COMMERCIAL OBJECTIVES (TOKYO 1488), THE COST OF COMMERCIAL SERVICES (TOKYO 2727), AN FY 1976 COMMERCIAL BUDGET (TOKYO 7792), AND PRESENTLY, THE CCP. THERE IS NO QUESTION THAT THESE HAVE BEEN OF GREAT VALUE TO THE EMBASSY IN MANAGING ITS COMMERCIAL ACTIVITIES.

PREPARATION OF THESE ESTIMATES, HOWEVER, PROVED TO BE VERY DIFFICULT IN VIEW OF THE RECENT INTEGRATION OF THE ECONOMIC AND COMMERCIAL SECTIONS. ONE OF THE OBJECTIVES OF THE AMALGAMATION, IN CONSONANCE WITH THE OMB REPORT, WAS TO ELIMINATE THE DISTINCTION BETWEEN ECONOMIC AND COMMERCIAL FUNCTIONS. NO SUCH DISTINCTION NOW REMAINS HERE. REQUESTS, SUCH AS THOSE LISTED ABOVE, WHILE VERY HELPFUL IN DIRECTING EMBASSY ACTIVITIES, DO TEND TO PERPETUATE THE CONOMIC/COMMERCIAL DISTINCTION. THEY DO SO BY REQUIRING US TO IDENTIFY WHAT PART OF OUR ECONOMIC/COMMERCIAL RESOURCES, BOTH PERSONNEL AND FINANCE, ARE DEVOTED TO "COMMERCIAL" FUNCTIONS. MAKING SUCH A DISTINCTIIN WAS DIFFICULT WHEN THE TWO FUNCTIONS WERE SEPARATE, BUT IT IS ALMOST IMPOSSIBLE UNDER THE PRESENT SYSTEM.

C. RIGIDITY OF RESOURCE ALLOCATION GOALS:  
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EMBASSY RECOGNIZES THAT ASSIGNING A NUMERICAL FIGURE TO AN OBJECTIVE MAY APPEAR TO MAKE ACCOMPLISHMENT EASIER TO MEASURE. WHILE WE AGREE WHOLEHEARTEDLY WITH THE SETTING OF SPECIFIC PRODUCT PRIORITIES AND WITH IDENTIFYING CERTAIN KINDS OF ACTIONS THE POST SHOULD UNDERTAKE TO ENCOURAGE AN INCREASE IN U.S. EXPORTS, IN OUR VIEW THERE IS NO WAY TO MATCH RESULTS WITH ANYTHING LIKE THE PRECISON

IMPLIED BY SPECIFIC DOLLAR FIGURES OR MAN-HOUR TIME ALLOCATIONS.

FOR EXAMPLE, THE ENORMOUS TRADE IMBALANCE BETWEEN JAPAN AND THE U.S. DROPPED FROM \$4.2 BILLION IN 1972 TO \$1.3 BILLION IN 1973. WHILE WE BELIEVE EMBASSY EFFORTS CONTRIBUTED TO THIS IMPROVEMENT MANY OTHER FACTORS WERE INVOLVED, SUCH AS CURRENCY REALIGNMENTS, TARIFF REDUCTIONS, PRICE INCREASES, AND INCREASED EFFORTS BY BUSINESS AND GOVERNMENT LEADERS ON BOTH SIDES OF THE PACIFIC. THE EMBASSY CONSIDERS IT IMPOSSIBLE TO MEASURE EVEN IN BROAD TERMS WHAT PERCENTAGE OF THE ALMOST \$3 BILLION CHANGE WAS DUE TO EMBASSY EFFORTS, BUT AT THE SAME TIME IT WOULD BE INCORRECT TO ASSUME THE EMBASSY'S CONTRIBUTION WAS MINIMAL SIMPLY BECAUSE NO PRECISE FIGURES CAN BE PRESENTED. EMBASSY SUGGESTS, THEREFORE, THAT GOALS BE SET BY PRODUCT PLUS ILLUSTRATIONS OF ACTIONS THE EMBASSY CAN INITIATE, WITHOUT THE USE OF PRECISE TARGETS FOR SALES.

D. ROUTINE FUNCTIONS AND RESOURCE ALLOCATION:

IN THE PRESENT FORMAT FOR THE CCP, SPECIFIC ESTIMATES OF RESOURCES TO BE USED IN SUCH ACTIVITIES AS TRADE LETTER RESPONSES, WTDR'S, ADS'S, I&R CHECKS AND MANY OTHER SIMILAR FUNCTIONS ARE REQUIRED. EMBASSY FEELS THAT SETTING RESOURCES ALLOCATION FIGURES FOR ACTIVITIES WHICH ARE ENTIRELY REACTIVE SERVES NO USEFUL PURPOSE. OUR GOAL (AND OUR PAST PERFORMANCE) IS TO RESPOND TO ALL TRADE LETTERS, WTDR'S, ADS' S, THAT ARE RECEIVED. IT IS A 100PERCENT GOAL, WITH THE ACTUAL NUMBER ENTIRELY DEPENDENT ON HOW MANY ARE SENT TO US. SIMILARLY, VISITORS ARE ALL RECEIVED. FOR SOME ACTIVITIES (WTDR'S, UNCLASSIFIED

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ADS'S, ETC.) VOLUME IS A MATTER OF RECORD IN THE DEPARTMENT. FOR OTHER ACTIVITIES (TIME SPENT WITH VISITORS, FOR EXAMPLE) QUANTIFYING BECOMES SUCH BROAD ESTIMATES AS TO MAKE THE FIGURES QUESTIONABLE.

TRADE OPPORTUNITIES, MARKET SURVEYS, CALLS ON BUSINESSES, AND SIMILAR ACTIVITIES, ON THE OTHER HAND,

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R 200830Z JUN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2763

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ARE GENERATED BY THE POST. IN OUR VIEW IT WOULD BE  
USEFUL TO ESTABLISH A MINIMUM NUMBER FOR THESE EFFORTS  
IN TARGET AREAS.

E. FINALLY EMBASSY NOTES THAT MAN-DAYS TO BE USED  
FOR VARIOUS FUNCTIONS AND CAMPAIGNS ARE REQUIRED IN THE  
DRAFT CCP. IN ADDITION TO THE PROBLEM OF DISTINGUISHING  
"COMMECIAL" AS OPPOSED TO "ECONOMIC" ACTIVITIES OF  
ECONOMIC/COMMERCIAL OFFICERS IN AN INTEGRATED SECTION  
(SEE II-U ABOVE), THE EMBASSY WONDERS WHETHER THE  
INFORMATION GAINED WILL BE WORTH THE COST.

WHILE THE EMBASSY COULD REQUIRE EACH OFFICER TO  
KEEP AN ACCOUNTING OF ALL THE ACTIVITIES HE PERFORMS  
DURING THE DAY, AND TO AGGREGATE THEM PERIODICALLY,  
AND THEN AGGREGATE THE EMBASSY'S TOTAL AND FINALLY THE  
ENTIRE MISSION'S TOTAL, WE QUESTION WHETHER THE  
AGGREGATING EXERCISE IS GOOD USE OF ALL EMPLOYEES'  
TIME.

THERE ARE VISITORS WHO TAKE ONLY MINUTES, AND  
THERE ARE THOSE WHO TAKE HOURS. THIS IS ALSO TRUE OF  
TRADE OPS, AIRGRMS, LETTERS OR ANY OTHER ACTIVITY.  
THUS EACH EMPLOYEE WILL HAVE TO ESTIMATE TIME SPENT ON  
EACH ACTIVITY - AN EXERCISE THAT WILL TAKE ABOUT TEN  
MINUTES TOTAL EACH DAY FOR EACH MEMBER OF THE E/C STAFF.  
FOR TOKYO A ROUGH ESTIMATE IS THAT THAT EXERCISE ALONE  
WILL COST 1.0 MAN-DAY EACH DAY. SINCE THINKING TIME,  
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PLANNING STRATEGY, DISCUSSING VIEWS ON SPECIFIC FACTORS TO BE INCLUDED IN A REPORT AND OTHER INTERNAL ACTIVITIES (EXCLUDING PURELY EMBASSY ADMINISTRATIVE AND REPRESENTATIONAL REQUIREMENTS), ALL ARE NOT INCLUDED BUT ARE GERMANE TO E/C WORK, THE FINAL RESOURCE UTILIZATION REPORT WOULD NOT BE AN ACCURATE REFLECTION OF ACTUAL RESOURCE USE FOR EITHER CAMPAIGN OR NON-CAMPAIGN ACTIVITIES.

III. SUGGESTED SOLUTION:

IN LIGHT OF FACTORS OUTLINED ABOVE, EMBASSY SUGGESTS THAT THIS INITIAL CCP FOR JAPAN BE A DOCUMENT WHICH SETS FORTH THE OBJECTIVES AND THE ACTIVITIES EXPECTED OF THE MISSION DURING THE COURSE OF THE YEAR. IT COULD INCLUDE THE COMMERCIAL OBJECTIVES, ACTIVITIES EXPECTED TO BE CARRIED OUT WITH APPROPRIATE EMPHASIS ON SELECTED DETAILED CAMPAIGNS FOR SPECIFIC PRODUCTS. THE CAMPAIGNS WOULD INCLUDE GOALS THAT THE MISSION ITSELF HAS CONTROL OVR THE AND THEREFORE COULD MEET, I.E., CALLS ON POTENTIAL NEW AGENTS, NUMBER OF TRADE OPPORTUNITIES. IT WOULD NOT INCLUDE INCREMENTAL U.S. SALES EXPECTED, MAN-DAYS TO BE DEVOTED TO VARIOUS TASKS, OR GOALS FOR ACTIVITIES OVER WHICH THE POST HAS NO CONTROL.

EMBASSY, OF COURSE, WILL DEVOTE EVERY EFFORT TO MAKE THE COUNTRY COMMERCIAL PROGRAM FOR JAPAN A SUCCESS. COMMENTS AND SUGGESTIONS INCLUDED HEREIN ARE MADE IN AN EFFORT TO MAKE THE CCP A VIABLE, REALISTIC PROGRAM WHICH CAN BE FOLLOWED BY THE MISSION AND AGAINST WHICH SOME REASONABLE MEASURE OF OUR EFFORTS CAN BE MADE. MORE IMPORTANT, BY BEGINNING THE PROGRAM IN THIS WAY, CONFIDENCE IN THE SYSTEM WOULD GROW, AND EVENTUALLY, AS EXPERIENCE IS GAINED, MORE DETAILED INFORMATION AND GOALS CAN BE INTRODUCED INTO THE CCP.  
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